

The Economics of Conflicts in Africa: An Overview

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1. Introduction:

In a recent issue, *The Economist* (13–19 May 2000) expressed the frustration of the international community with the various aspects of development failures in Africa as a continent. The cover page of the issue carried the title 'the hopeless continent'. In the body of the issue the feature article, under the title 'the heart of the matter', is motivated by the 'floods in Mozambique; threats of famine in Ethiopia; mass murder in Uganda; the implosion of Sierra Leone; and a string of wars across the continent'. These are obviously a mixture of natural and man-made disasters. The 'string of wars across the continent' is man-made and their causes are many. These causes include historical legacies of slave trade and colonialism, the nature of the post-independence African state and the nature of the political contest therein or lack of such contest, external intervention in the internal affairs of African countries by political powers of various denominations and vintages, external interventions driven by brute economic motives and internal destabilisation driven by the motive of capturing the state and its coffers (see e.g., Annan, 1998). In addition to these broad categories of factors, the Organization of African Unity (OAU) identifies human rights violations, ethnic rivalries, and clan and other factional rivalries as relevant causal factors in African conflicts. We hasten to note, however, that none of these causal factors should be considered as pure. Thus, for example, Sambanis (2000) distinguishes between ethnic and non-ethnic wars and notes that economic studies of civil wars do not distinguish between the two types. He proceeds to show that such distinction is important in view of the fact that ethnic wars are predominantly due to political grievances rather than economic grievances.

The majority of the 'string of wars across the continent' is in the nature of civil wars. These civil wars are considered the highest form of civil conflicts. A working definition of a civil war, which has gained wide currency, is couched in terms of the violence involved rather than in terms of the goals of the parties in conflict. According to this definition a civil war has four dimensions: (i) that one of the primary

actors in a civil war is the national government in power at the time of the break-out of hostilities; (ii) that both sides of the conflict have the ability to inflict death upon each other; (iii) that significant military action must take place with at least 1000 battle related deaths per year; and (iv) that war must be internal to the country (see e.g., Collier, 1999).

At an aggregative level of analysis the development consequences of civil wars can be identified from their direct and indirect impact on the society and the economy in question. Such impact would involve the destruction of both human and physical capital, the disruption of economic transactions, including the increased cost of conducting such transactions, the distortion of the decision making process by economic agents and the distortion of resource allocation by the state. All of these effects have a direct implication on the development process broadly defined. In this respect it has now been established that during the period when wars are raging the per capita growth rate of the economy gets reduced by 2.2 percentage points compared with the normal non-war situation. Moreover, during the 5 years following the war, the per capita growth rate gets reduced by 2.1 percentage points (see Collier, 1999). These, we suggest, are massive derailments for development.

It is in realisation of the importance of the development implications of civil conflicts in Africa that the Economic Commission for Africa organised an 'Ad Hoc Experts Group Meeting on the Development Implications of Civil Conflict: The Economics of Civil Conflicts in Africa' on 7–8 April 2000 in Addis Ababa, Ethiopia. The objective of the meeting was to take stock of the current state of knowledge in this important area of research and to draw the policy implications of the results with a view of informing the current search for establishing durable peace-building modalities in post-conflict situations. Academics, policy makers and civil society representatives were invited to the meeting to debate the issues involved on the basis of a number of background papers. This special issue carries a selection of these papers.

The remainder of this note reviews, very briefly, the papers included in this issue. Section 2 reviews the papers dealing with the causes of civil wars while section 3 reviews those dealing with the issues involved in conflict resolution. The case studies are dealt with in section 4 and a few concluding remarks are offered in section 5.

2. Causes of Civil Conflicts

Two papers deal with the various issues involved regarding the causes of civil conflicts. The first paper, by Elbadawi and Sambanis (2000), presents simulation results on the probability of civil wars. The paper utilises estimation results of the likelihood of observing war during any 5 year period in 161 countries over the period 1960–99. The likelihood of observing a civil war is defined as the sum of two disjoint probabilities: that a civil war is initiated at a point in time and that a civil war is ongoing at the succeeding point in time after having been initiated. The most important results of the paper can be summarised as follows: (i) that the lower the per capita GDP the higher is the likelihood of civil wars; (ii) that the higher the degree of openness of political institutions the lower is the likelihood of civil wars; (iii) that, contrary to the general presumption, ethnic diversity is non-linearly related to civil wars – an increase in ethnic diversity increases the likelihood of civil wars up to a maximum index of 58%, declining thereafter (Africa's median ethnic diversity index is 72%); and (iv) that dependence on natural resources (measured as the primary exports as a percentage of GDP) is non-linearly related to civil wars. An increase up to a maximum of 24% of GDP increases the likelihood of wars (Africa's median dependence index is 15.9%). On the basis of these results it is proposed that the fastest strategy to reduce the incidence of civil war in Africa and, by extension, to prevent civil wars in the future is to institute democratic reforms that effectively manage the challenges of diverse African societies. Civil wars being the extreme antitheses of inter-group cooperation, the ultimate strategy for prevention of future conflicts in Africa has to be based on finding the 'right' political governance and economic management institutions for promoting such cooperation. The authors argue that Africa's ethnic diversity would in fact help, rather than impede, the emergence of stable development promoting bargaining process among social groups, provided that ethnic groupings are formally integrated into the political process. The paper, though appreciated by most participants in the meeting under discussion, drew a number of reactions on the modelling strategy pursued by the authors. It is felt that drawing conclusions on the basis of global samples, though useful, tends to confound country-specific causes that have to do with a complex set of factors and interaction between them, including historical legacies and socio-economic and political grievances. However, at the end of the

discussion it was agreed that indeed there is a core of economic causes for observed civil wars in the continent and that modelling them would be helpful in informing policies.

The paper by Herbst addresses the issue of causality from the perspective of understanding the organisation of rebel movements (Herbst, 2000). Central to the approach of this paper is an attempt to understand the role that material incentives play in motivating rebellions and the relationship between rebel leaders and followers. The study reviews the major instances of rebellion in Sub-Saharan Africa for which reasonable case study material is available (a list of 32 groups that were involved in rebellion since 1950s is provided). The paper provides a critical review of the recent models on the organisation of rebellion: collective action models, the new economics of violence and the modified rationality models. After reviewing the African case studies the author notes that rebellions 'almost inevitably use a complex mixture of political indoctrination, physical coercion, economic rewards, and ethnic vocabularies and practices to animate followers', and poses the question 'under what conditions does a particular type of motivation or incentive become relatively more important?'. The search for an answer is provided in terms of drawing attention to the inadequacy of existing data sets for undertaking statistical analysis and also the uneven quality of case study material. Using case studies from Africa, the paper then presents a framework for understanding rebel movements as combat organisations. It is noted in this respect that as combat organisations, posing armed threats to the state, two major factors need to be taken into account in understanding their operations. These are the strength of the state (strong, medium and weak) and the terrain upon which the struggle proceeds (in the sense of availability of sanctuary: external, internal and none at all). The stronger the state the more mobilisation on the basis of political and ethnic grounds is required; at the same time, the more external the sanctuary is the more organisation is required.

3. Conflict Resolution Issues

Two papers address some of the issues involved. Examples of the African experience with conflict resolution are given in the paper by Khalil (2000). Adopting a case study approach, the paper looks at the lessons to be learnt from the Western Sahara conflict (with UN involvement in conflict resolution), the Sudan 1972–83 experience

(which involved a number of mediators) and the Somaliland (where a traditional settlement mechanism was involved). The paper draws the lessons from these African experiences as follows: (i) what attitude should African governments adopt with respect to various conflict situations? In all conflict situations, complicated as they may be, African governments should strive to 'uphold just causes'; (ii) complicated conflict situations, such as the one in Sudan, call for judicious approaches that would not risk fomenting future multiple conflicts; and (iii) traditional mechanisms for conflict resolutions can work in relatively homogenous societies, but such resolved conflict situations can erupt in new conflicts if peace is disturbed from outside the said society.

The second paper (Bigombe *et al.*, 2000) is on policies for building post-conflict peace. The starting point of the paper is that 'Civil wars always end, but they usually restart'. Based on recent work by Collier and Hoeffler (2000), the paper identifies three major policy-related risk factors: (i) the extent of dependence of a country on natural resource rents (with a peak danger level of 25–30% of GDP); (ii) poverty, or lack of alternative economic opportunities, such that the more severe the poverty the greater the risks of conflict; and (iii) ethnic dominance, which is defined as occurring when the largest ethno-linguistic group has between 45 and 80% of the population, and is estimated to double the risk of conflict. Knowing the structure of the risk factors in a specific society should provide some guidance to policy prioritisation on risks to be targeted for policy action. The paper then reviews the scope for UN peacebuilding activities. In this respect it is noted that the UN Secretary General has identified such activities as the fourth phase in the UN strategy for conflict resolution. According to the UN Agenda for Peace, issued in 1992, such activities become 'necessary when preventive diplomacy fails to resolve conflict and after peacemaking and peacekeeping have established a framework for a negotiated settlement and monitored an agreed cease-fire. Peacebuilding activities then identify and support structures which intend to strengthen and solidify peace'. The range of UN activities include: demobilisation of soldiers and reintegration of soldiers and refugees, de-mining, emergency relief, food aid, economic rehabilitation, and repair of roads and infrastructure. The paper provides examples of policies that can be adopted by post-conflict African governments, including peacebuilding activities as per the UN definition, de-

centralisation as an inclusive governance and involving traditional authorities as an inclusive governance strategy.

In the paper's discussion a number of points are made, among which the following are important: (i) that the strategic position of a country usually increases the chances of a peace settlement to hold (e.g., South Africa versus Rwanda); (ii) that the reaction of the civilian population to the would be reintegrated combatants should be taken into account; (iii) while most Africans are anxious for peace they do not seem to know how to maintain it when they get it. It is noted in this respect that peace brokers are only interested in getting an agreement signed without sufficiently caring about ensuring the durability of the peace that is supposed to follow (e.g., Liberia); (iv) while the idea of involving traditional authorities in the peace process is acceptable, the facts on the ground show that the ex-combatants continue to dominate local scenes (brandishing their weapons and intimidating the civilian population irrespective of social status) even after a peace agreement is signed; and (v) that while peace agreements can identify sharing the spoils as an element, it should be noted that the parties to these share-out arrangements continue to be the elite leaders and not necessarily the ordinary people.

4. Country Case Studies

Out of four case studies prepared for the meeting (Burundi, Chad, Sierra Leone and Sudan) only two are included in this selection. The case of Sierra Leone (Davies, 2000) identifies the root cause of the civil war in this country with a failure of governance (1968–85) that precipitated an economic decline as a result of the informalisation of diamond production and the worsening of the international economic environment. Moreover, distributional grievances, also precipitated by bad governance, played an important role where the urban centre was explicitly favoured over the rural sector. The external factor, of Libya providing military training for the rebel movement and later Liberia providing sanctuary and support, was decisive in the trajectory of the war. 'Sierra Leone's tragic experience shows that where political institutions are weak, endowment of lootable natural resources like diamonds can be a curse and not a blessing to a country, offering few economic benefits to the people in times of peace, and triggering and sustaining pernicious civil war'. It is noted that, despite the latest peace accord of Lome (signed in 1999), there remains a high risk of the

war re-starting in view of the state of preparedness of the rebel movement that is still holding out in the bush. In this respect, external agencies could play an important role in funding various activities that could sustain peace: most of these will be developmental and institutional in nature.

The case of Burundi (Ngaruko and Nkrunziza, 2000) reviews the history of the conflicts in the country in the context of a predation model. In an interesting twist that captures the Brundian circumstances the authors build the model around three main variables: predation by the bureaucracy to share the rents of the state machinery, rebellion by the victims of predation, and repression by the army as part of the bureaucracy to deter further rebellion. Indexes of predation are derived from the theoretical model and are compared with the behaviour of output per capita over the period since 1965. It is shown that an increase in predation was associated with a decline in GDP per capita. While the authors argue that the root cause of Burundian conflicts is not ethnic, but rather due to uneven development, they nonetheless provide documentary evidence that the civil service has always been dominated by the Tutsi (about 18% of the total population of the country). Uneven development favoured Bujumbura, the capital city, and Bururi province in the southern tip of the country to the neglect of the remaining 13 provinces. Thus, it is the geographical location, not the ethnic composition of the country, that would determine the victims of predation and neglect.

On the basis of the case studies, the participants raised a number of points in the ensuing discussion. They noted, at the outset, the dangers posed by the presence of natural resources as major trigger mechanisms for civil wars, as amply demonstrated by the case study of Sierra Leone. Other points raised include: (i) the role of the tribes straddling borders (e.g., in the case of Chad–Sudan borders). This is a point related to the role of diaspora in financing civil wars; (ii) that the uneven development thesis, noted in almost all case studies, provides a sound framework for studying conflicts in Africa in addition to existing frameworks, but it requires more articulation; (iii) that the observed inability of Africans to resolve conflicts, despite their understanding of the root causes, is perhaps due to the non-availability of a systematic analysis along the lines suggested by Bigombe *et al.* (2000) (diagnosis, prioritisation and policy making); (iv) that there is a major constraint related to trust and confidence. Many agreements were not honoured; (v) that if the uneven development thesis is a credible

explanation, the next 20–30 years will not reduce uneven development, and as such there is a need to be careful about the implication of such analysis for conflict prevention and resolution purposes; and (vi) that conflict resolution proposals based on affirmative actions could end up being exclusive in nature, fuelling future conflicts.

5. Concluding Remarks

A fair summary of the content of the various papers included in this issue can be attempted along the following lines. There is wide agreement that the causes of conflict in Africa are complex and many, but there seems to be an economic core common to all of them. The economic core of the causes of African conflicts expresses itself in various guises: the high risk of dependence on natural resources; uneven development; and the capture and sharing of rents of the state machinery. External factors are also important and relevant to the economics of conflict. Immediate, as well as distant, neighbours provide sanctuary and training for rebel movements bent on capturing the state. Similarly, diasporas provide financial support for rebel movements, especially those that do not have an adequate resource base.

There is also wide agreement that while approaching these causes from a purely economic perspective may be helpful for policy making, realistic models need to be developed to capture the complexity of the phenomenon. In this respect case studies are deemed important for building relevant analytical frameworks.

Current approaches to resolving conflicts are judged to be *ad hoc* in nature and lack a systematic method of properly diagnosing the situation, identifying the risk factors and prioritising them prior to designing policies to deal with them. There is a feeling among Africans who are involved in day-to-day conflict situations that the peace brokers are more concerned with signing peace accords *per se* without sufficient thought being given to the future sustainability of such agreements. This partly explains why African conflicts tend to recur after very short times. Moreover, there is also a feeling that the poverty and geographical location of most African countries deprive them of being a strategic concern for the international community. This lack of strategic characteristic plays a major role in the reluctance of the international community in providing the required resources for sustainable peace settlements (e.g., South Africa versus Burundi).

In such circumstances resorting to traditional structures of African society is proposed as a possible strategy for future experimentation (e.g., Somaliland).

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